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DEPARTMENT OF COMMERCE

International Trade Administration

C-122-854

Supercalendered Paper from Canada: Preliminary Affirmative Countervailing Duty Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that countervailable subsidies are being provided to producers and exporters of supercalendered paper (SC paper) from Canada. The period of investigation is January 1, 2014, through December 31, 2014. Interested parties are invited to comment on this preliminary determination.

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Dana Mermelstein or Shane Subler, AD/CVD Operations, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482- 1391 and (202) 482-0189, respectively.

SUPPLEMENTARY INFORMATION:

On March 18, 2015, the Department initiated this countervailing duty (CVD) investigation.<sup>1</sup> On April 15, in response to a request from the petitioner, the Coalition for Fair

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<sup>1</sup> See *Supercalendered Paper From Canada: Initiation of Countervailing Duty Investigation*, 80 FR 15981 (March 26, 2015).

Paper Imports,<sup>2</sup> the Department postponed the preliminary determination in the CVD investigation.<sup>3</sup>

### Scope of the Investigation

The product covered by this investigation is SC paper. For a complete description of the scope of the investigation, *see* Appendix 1 to this notice.

### Methodology

The Department is conducting this CVD investigation in accordance with section 701 of the Tariff Act of 1930, as amended (the Act). For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.<sup>4</sup> The list of topics discussed in the Preliminary Decision Memorandum is included as Appendix 2 to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <http://access.trade.gov>, and is available to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the Internet at <http://enforcement.trade.gov/frn/index.html>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

For this preliminary determination, we have relied partially on facts available for Resolute, because the company did not act to the best of its ability when responding to the

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<sup>2</sup> The individual member companies of the Coalition for Fair Paper Imports are Madison Paper Industries and Verso Corporation.

<sup>3</sup> *See Supercalendered Paper From Canada: Postponement of Preliminary Determinations in the Countervailing Duty Investigation*, 80 FR 22477 (April 22, 2015).

<sup>4</sup> *See* Memorandum from Gary Taverman, Associate Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, regarding "Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation of Supercalendered Paper From Canada," dated concurrently with this notice (Preliminary Decision Memorandum).

Department's request for information. Further, we have drawn an adverse inference in selecting from among the facts otherwise available to calculate the *ad valorem* rate for Resolute.<sup>5</sup> For further information, see “Use of Facts Otherwise Available and Adverse Inferences” in the Preliminary Decision Memorandum.

In accordance with section 703(d)(1)(A)(i) of the Act, we calculated a CVD rate for each individually investigated producer/exporter of the subject merchandise.

#### Preliminary Determination and Suspension of Liquidation

We preliminarily determine the countervailable subsidy rates to be:

<b>Company</b>	<b>Subsidy Rate</b>
Port Hawkesbury Paper LP (Port Hawkesbury)	20.33 percent
Resolute FP Canada Inc. (Resolute)	2.04 percent
All Others	11.19 percent

In accordance with sections 703(d)(1)(B) and (2) of the Act, we are directing U.S. Customs and Border Protection to suspend liquidation of all entries of SC paper from Canada that are entered, or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the *Federal Register*, and to require a cash deposit for such entries of merchandise in the amounts indicated above.

In accordance with section 705(c)(1)(B)(i) of the Act, we calculated a rate for each company respondent. Section 705(c)(5)(A)(i) of the Act states that, for companies not individually investigated, we will determine an “all others” rate equal to the weighted-average

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<sup>5</sup> See sections 776(a) and (b) of the Act.

countervailable subsidy rates established for exporters and producers individually investigated, excluding any zero and de minimis countervailable subsidy rates, and any rates determined entirely under section 776 of the Act.

Notwithstanding the language of section 705(c)(5)(A)(i) of the Act, we have not calculated the “all others” rate by weight averaging the rates of Port Hawkesbury and Resolute because doing so risks disclosure of proprietary information. Therefore, we calculated a simple average of Port Hawkesbury’s and Resolute’s rates.<sup>6</sup>

#### Verification

As provided in section 782(i)(1) of the Act, we intend to verify the information submitted by the respondents prior to making our final determination.

#### Disclosure and Public Comment

The Department intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement.<sup>7</sup> Interested parties may submit case and rebuttal briefs,<sup>8</sup> and request a hearing.<sup>9</sup> For a schedule of the deadlines for filing case briefs, rebuttal briefs, and hearing requests, *see* the Preliminary Decision Memorandum.

#### U.S. International Trade Commission (ITC) Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-proprietary information relating to this investigation. We will allow the ITC access to all privileged and

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<sup>6</sup> We have calculated the simple average of the two responding firm’s rates for the all-others rate using the following calculation:  $(20.33 \text{ (Port Hawkesbury’s calculated rate)} + 2.04 \text{ (Resolute’s calculated rate)})/2 = 11.19$  (the all others rate).

<sup>7</sup> *See* 19 CFR 351.224(b).

<sup>8</sup> *See* 19 CFR 351.309(c) and (d).

<sup>9</sup> *See* 19 CFR 351.510.

business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Assistant Secretary for Enforcement and Compliance.

In accordance with section 705(b)(2) of the Act, if our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act and 19 CFR 351.205(c).

Dated: July 27, 2015.

Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

## **Appendix 1**

### **Scope of the Investigation**

The merchandise covered by this investigation is supercalendered paper (SC paper). SC paper is uncoated paper that has undergone a calendering process in which the base sheet, made of pulp and filler (typically, but not limited to, clay, talc, or other mineral additive), is processed through a set of supercalenders, a supercalender, or a soft nip calender operation.<sup>1</sup>

The scope of this investigation covers all SC paper regardless of basis weight, brightness, opacity, smoothness, or grade, and whether in rolls or in sheets. Further, the scope covers all SC paper that meets the scope definition regardless of the type of pulp fiber or filler material used to produce the paper.

Specifically excluded from the scope are imports of paper printed with final content of printed text or graphics.

Subject merchandise primarily enters under Harmonized Tariff Schedule of the United States (HTSUS) subheading 4802.61.3035, but may also enter under subheadings 4802.61.3010, 4802.62.3000, 4802.62.6020, and 4802.69.3000. Although the HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope of the investigation is dispositive.

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<sup>1</sup> Supercalendering and soft nip calendering processing, in conjunction with the mineral filler contained in the base paper, are performed to enhance the surface characteristics of the paper by imparting a smooth and glossy printing surface. Supercalendering and soft nip calendering also increase the density of the base paper.

## **Appendix 2**

### **List of Topics Discussed in the Preliminary Decision Memorandum**

- I. Summary
- II. Background
- III. Scope Comments
- IV. Scope of the Investigation
- V. Injury Test
- VI. Subsidies Valuation
- VII. Analysis of Programs
- VIII. Calculation of the All Others Rate
- IX. ITC Notification
- X. Disclosure and Public Comment
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- XII. Conclusion

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